



## **EOS RESTRUCTURES MANAGEMENT TEAM**

**Canberra 6 February 2018**

Following the rapid escalation of orders for its next-generation defence products, Electro Optic Systems, (ASX: EOS) has restructured and bolstered its management team.

The EOS plan to achieve on-time and on-budget delivery of significant contracts while maintaining momentum in new technology and securing additional sales included three key elements:

1. A significant increase in defence sector production facilities;
2. A recapitalisation of the company to position it for efficient execution and further growth; and
3. Strengthening of the management team.

The first element involved a substantial upgrade of physical plant for production, which was officially opened on 30 January 2018 by the minister for Defence Industry, Hon. Christopher Pyne MP. This plant is able to ramp up progressively to support \$250 million of contract revenue annually. More than 100 units of the current product have been produced in programs aimed at reducing risk to 2018 full-rate production and the transition to production in the new facility is now in hand.

The second element of funding has been addressed by the company in its 6 February 2018 announcement which announced the institutional capital raising of \$60m at an issue price of \$2.91 plus a SPP of \$5m at the same issue price.

The company has now finalized the constitution and roles of the management team which will execute its plans going forward in the current phase of expansion.

Key aspects of the management changes are:

1. An independent management structure has been established to operate the Defence Systems business which has around \$600 million of production orders and expects more in the medium term.
2. A Chief Executive Officer for EOS Defence has been appointed. He is Grant Sanderson, an executive with 25 years of military service in the Australian Army and 11 years of defence industry leadership experience with substantial defence and aerospace entities. Grant has been working with the EOS Group for almost two years as a consultant while the current EOS transformation was planned.
3. A new Chief Operating Officer role in EOS Group has been created and Peter Short has been promoted to that role. Peter was previously Vice President for Strategy in EOS.
4. National and regional Presidents of EOS's Defence Systems global operations will now report to Grant Sanderson.
5. Concentrating the Defence leads through the new CEO Defence will allow

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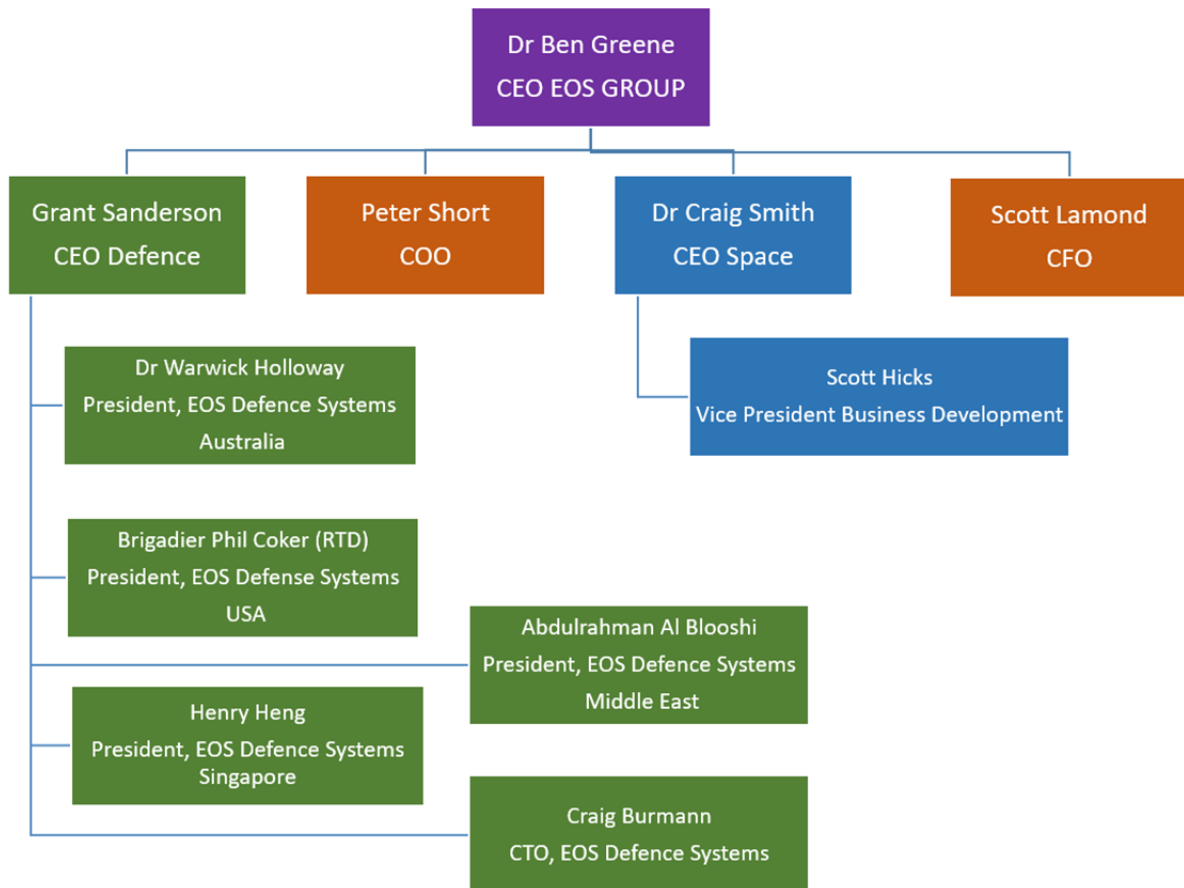
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better coordination of EOS Defence activities globally while the Defence sector can now develop and implement a plan to share resources between regional entities.

- Global supply chain activities will be centrally coordinated. The company believes significant improvements are possible in the cost and quality of its parts and material, which make up over 60% of the cost of goods sold for Defence.

The changes result in a reduction from seven to four in the direct reports to the EOS Group CEO, Dr Ben Greene. In addition to the Group CEO role, Dr Greene will retain long-standing roles in shaping the technology strategies for both Defence and Space. This simplification will allow the Group CEO to focus on growth strategies for the EOS Group while providing a strong framework for consolidation of recent gains in the Defence sector.

The new management structure is shown in the diagram below.



Brief resumes for the EOS Group CEO and direct reports are provided on the web site.

**Further information:**

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**ABOUT ELECTRO OPTIC SYSTEMS (ASX:EOS; OTC:EOPSY)**

**EOS operates in two sectors: Defence Systems and Space Systems.**

- EOS Defence specialises in technology for weapon systems optimisation and integration, as well as ISR (Intelligence, Surveillance and Reconnaissance) for land warfare. Its key products are next-generation vehicle turrets and remote weapons systems.
- EOS Space sector specialises in applying EOS-developed optical sensors to detect, track, classify and characterise objects in space. This information has both military and commercial applications, including managing space assets to avoid collisions with space debris, missile defence and space control.